



THINGS TO CONSIDER WHEN **SELLING** YOUR HOUSE



SUMMER 2017
EDITION

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5 REASONS TO **SELL THIS SUMMER**

Here are five reasons listing your home for sale this summer makes sense.

1. Demand Is Strong

The latest *Buyer Traffic Report* from the *National Association of Realtors (NAR)* shows that buyer demand remains very strong throughout the vast majority of the country. These buyers are ready, willing and able to purchase... and are in the market right now! More often than not, multiple buyers are competing with each other to buy a home.

Take advantage of the buyer activity currently in the market.

2. There Is Less Competition Now

Housing supply is still under the 6-month supply that is needed for a normal housing market. This means, in the majority of the country, there are not enough homes for sale to satisfy the number of buyers in that market. This is good news for home prices. However, additional inventory could be coming to the market soon.

There is a pent-up desire for many homeowners to move, as they were unable to sell over the last few years because of a negative equity situation. Homeowners are now seeing a return to positive equity as real estate values have increased over the last two years. Many of these homes will be coming to the market this summer.

Also, builder's confidence in the market has hit its highest mark in over 11 years. Experts are predicting that new construction of single-family homes will ramp up this summer.

The choices buyers have will continue to increase. Don't wait until all this other inventory of homes comes to market before you sell.

3. The Process Will Be Quicker

Fannie Mae anticipates an acceleration in home sales that will surpass 2007's pace. As the market continues to strengthen, banks will be inundated with loan inquiries causing closing-time lines to lengthen. Selling now will make the process quicker & simpler.

4. There Will Never Be a Better Time to Move Up

If you are moving up to a larger, more expensive home, consider doing it now. Prices are projected to appreciate by 4.9% over the next year, according to *CoreLogic*. If you are moving to a higher-priced home, it will wind up costing you more in raw dollars (*both in down payment and mortgage payment*) if you wait.

You can also lock in your 30-year housing expense with an interest rate around 4% right now. Rates are projected to increase in the next 12 months.

5. It's Time to Move on with Your Life

Look at the reason you decided to sell in the first place and determine whether it is worth waiting. Is money more important than being with family? Is money more important than your health? Is money more important than having the freedom to go on with your life the way you think you should?

Only you know the answers to the questions above. You have the power to take control of the situation by putting your home on the market. Perhaps the time has come for you and your family to move on and start living the life you desire.

That is what is truly important.





LACK OF LISTINGS SLOWING DOWN THE HOUSING MARKET

The real estate market is moving more and more into a complete recovery. Home values are up. Home sales are up. Distressed sales (foreclosures and short sales) have fallen dramatically. It seems that 2017 will be the year that the housing market races forward again.

However, there is one thing that may cause the industry to tap the brakes: a lack of housing inventory. While buyer demand looks like it will remain strong throughout the summer, supply is not keeping up.

Here are the thoughts of a few industry experts on the subject:

Lawrence Yun, Chief Economist at NAR

“Last quarter’s robust pace of sales was especially impressive considering the affordability sting buyers experienced from higher prices and mortgage rates. High demand is poised to continue heading into the summer as long as job gains continue. However, many metro areas need to see a significant rise in new and existing inventory to meet this demand and cool down price growth.”

Tom O’Grady, Pro Teck CEO

“The lack of inventory is very real and could have a severe impact on home sales in the months to come. Traditionally, a balanced market would have an MRI (Months Remaining Inventory) between six and 10 months.

This month, only eight metros we track have MRIs over 10, compared to 27 last year and 48 two years ago—illustrating that this lack of inventory is not being driven by traditionally ‘hot’ markets, but is rather a broad-based, national phenomenon.”

Ralph McLaughlin, Chief Economist at Trulia

“Nationally, housing inventory dropped to its lowest level on record in 2017 Q1. The number of homes on the market dropped for the eighth consecutive quarter, falling 5.1% over the past year.”

Freddie Mac

“Tight housing inventory has been an important feature of the housing market at least since 2016. For-sale housing inventory, especially of starter homes, is currently at its lowest level in over ten years. If inventory continues to remain tight, home sales will likely decline from their 2016 levels. ...all eyes are on housing inventory and whether or not it will meet the high demand.”

Bottom Line

If you are thinking of selling, now may be the time. Demand for your house will be strongest at a time when there is very little competition. That could lead to a quick sale for a really good price.

BUYER DEMAND CONTINUES TO OUTPACE INVENTORY OF HOMES FOR SALE

The price of any item is determined by the supply of that item, as well as the market demand. The *National Association of Realtors (NAR)* surveys “over 50,000 real estate practitioners about their expectations for home sales, prices and market conditions” for their *Realtors Confidence Index*.

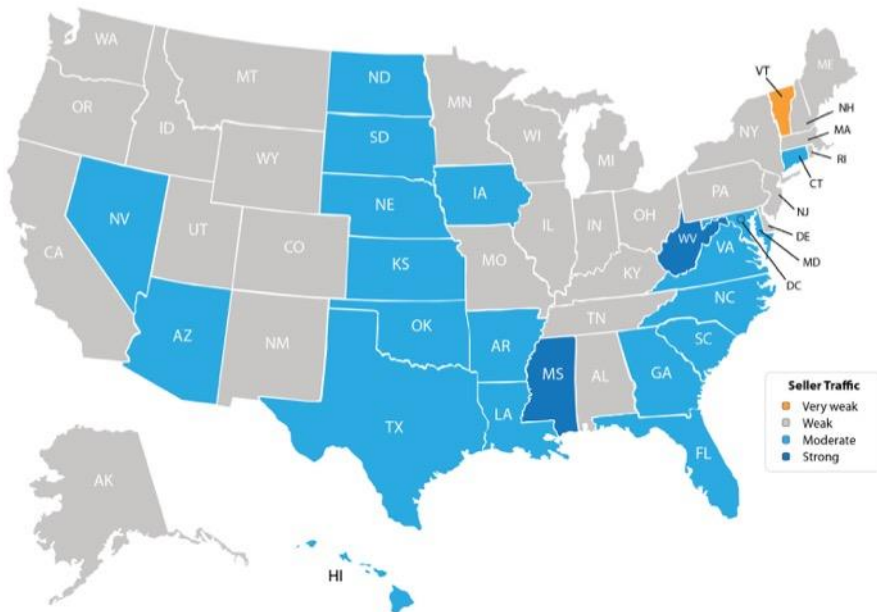
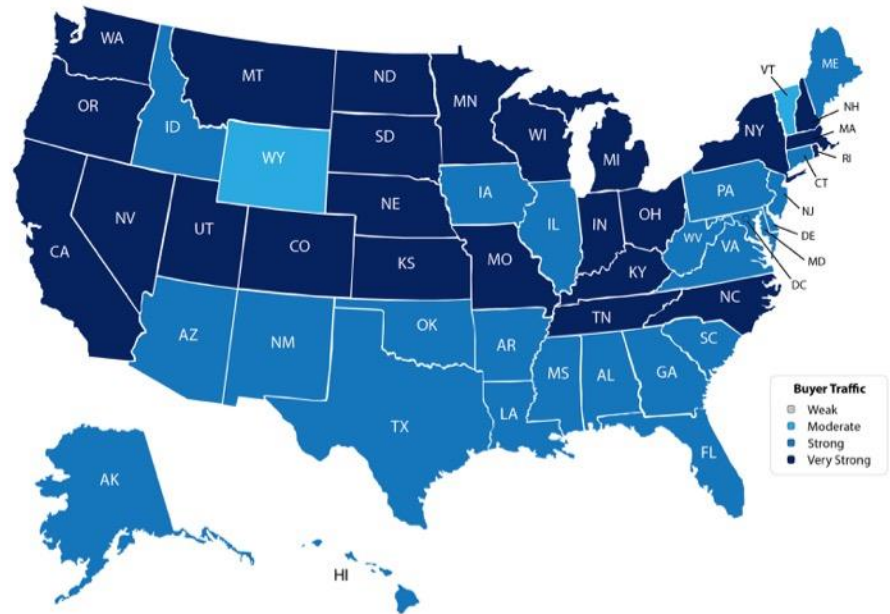
Their latest edition sheds some light on the relationship between Seller Traffic (supply) and Buyer Traffic (demand).

Buyer Demand

The map on the right was created after asking the question:

“How would you rate buyer traffic in your area?”

The darker the blue, more buyers are looking for homes in that area. Only two states came in with a weak demand level.



Seller Supply

The Index also asked:

“How would you rate seller traffic in your area?”

As you can see from the map on the left, the majority of the country has weak Seller Traffic, meaning there are far fewer homes on the market than what is needed to satisfy the buyers who are out looking for their dream homes.

Bottom Line

Looking at the maps above, it is not hard to see why prices are appreciating in many areas of the country. Until the supply of homes for sale starts to meet the buyer demand, prices will continue to increase.



LOOKING FOR A LUXURY HOME? **NOW'S THE TIME TO ACT!**

If your house no longer fits your needs and you are planning on buying a luxury home, now is a great time to do so! According to *Trulia's Market Mismatch Study*, buyers are in control in today's premium home market.

The inventory of homes for sale in the luxury market far exceeds those searching to purchase these properties in many areas of the country. This means that homes are often staying on the market longer, or can be found at a discount.

Those who have a starter or trade-up home to sell will find buyers competing, and often entering bidding wars, to be able to call your house their new home.

The sale of your starter or trade-up house will aid in coming up with a larger down payment for your new luxury home. Even a 5% down payment on a million-dollar home is \$50,000.

But not all who are buying luxury properties have a home to sell first.

A recent *Washington Post* article gave some insight into what many millennials are choosing to do:

"Some high-earning millennials save money until they are in their early 30s to buy a place and just skip over that starter-home phase. They'll stay in an apartment until they can afford to pay for the place they want."

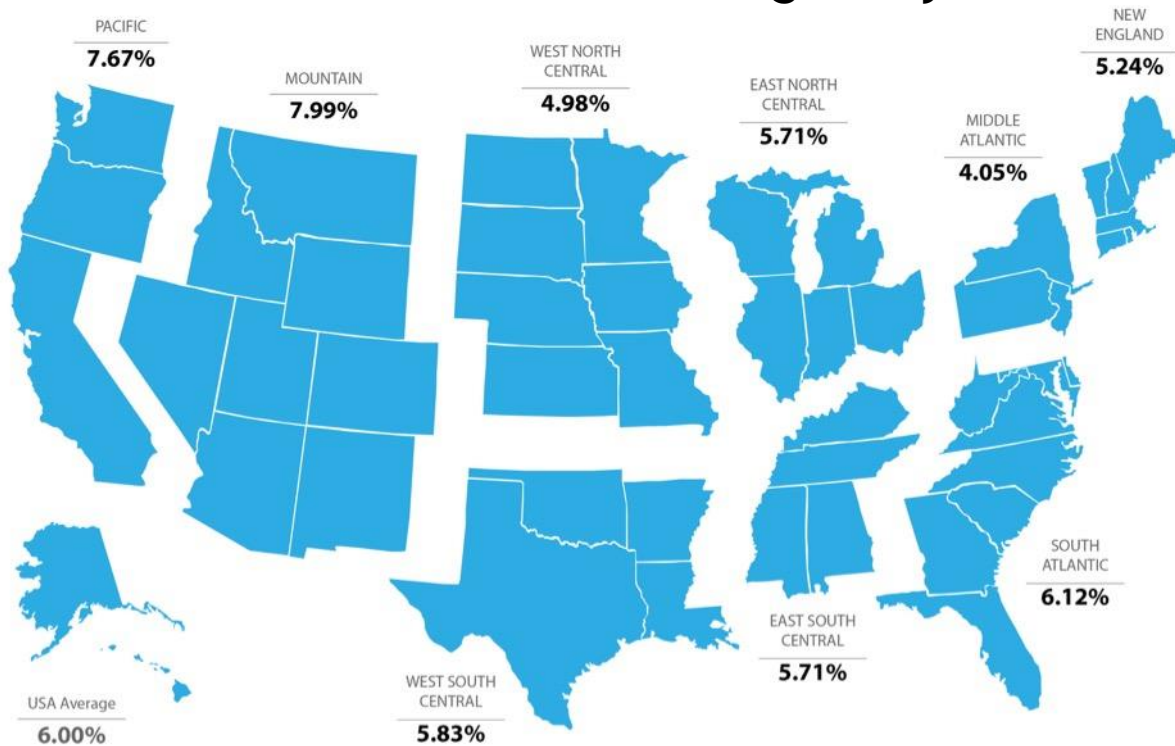
Bottom Line

The best time to sell anything is when demand is high and supply is low. If you are currently in a starter or trade-up house that no longer fits your needs, and are looking to step into a luxury home... Now's the time to list your house for sale and make your dreams come true.

HOME PRICES OVER THE LAST YEAR

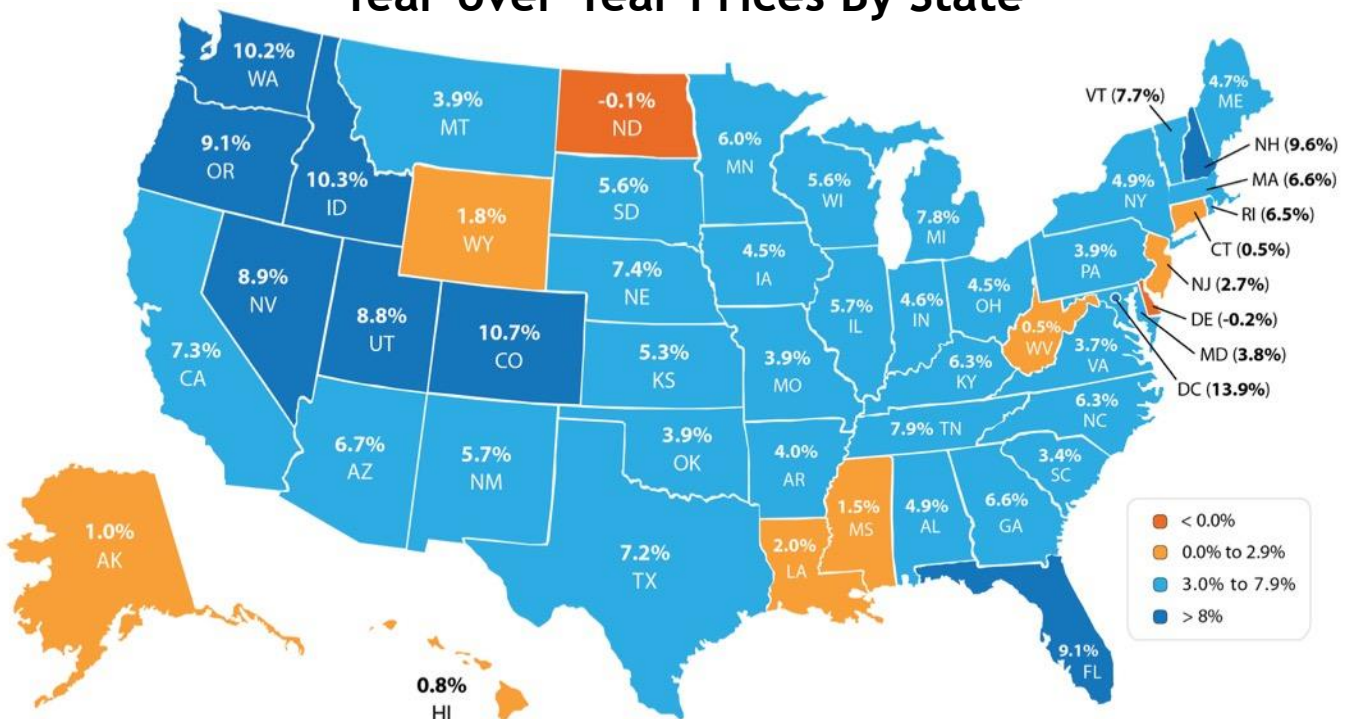
Every quarter, the *Federal Housing Finance Agency (FHFA)* reports on the year-over-year changes in home prices. Below, you will see that prices are up year-over-year in every region.

Year-over-Year Prices Regionally



Looking at the breakdown by state, you can see that each state is appreciating at a different rate. This is important to know if you are planning on relocating to a different area of the country. Waiting to move may end up costing you more!

Year-over-Year Prices By State





WHERE ARE **INTEREST RATES** HEADED?

If you are considering moving up to your dream home, it may be better to do it sooner **rather** than later. The two components of your monthly mortgage payment (home prices and interest rates) are both projected to increase as the year moves forward, and interest rates may increase rather dramatically. Here are some predictions on where rates will be by the end of the year:

Freddie Mac:

“While full employment and rising inflation are signs of a strong economy, they also have the potential to push mortgage rates and house prices up. The higher rates and higher prices create significant affordability concerns, which may continue to characterize the housing market for the rest of 2017.”

Lynn Fisher, Vice President of Research & Economics for the Mortgage Bankers Association:

“By the time we get to the fourth quarter of this year, we will still be under 5 percent - we are thinking 4.7 percent...Something north of 5 percent by the time we get to 2018, and by the time we get to 2019, we show fourth-quarter rates hitting 5.5 percent.”

Mark Fleming, Chief Economist at First American:

“Despite some regional disparities, title agents and real estate professionals do not expect increasing mortgage rates to have a significant impact on the housing market this spring. Continued good economic news, increasing Millennial demand and confidence that buyers will remain in the market even if rates exceed 5 percent bode well for 2017 real estate.”

Len Kiefer, Deputy Chief Economist for Freddie Mac:

“We will probably see rates higher at the end of year, around 4.5%.”

Bottom Line

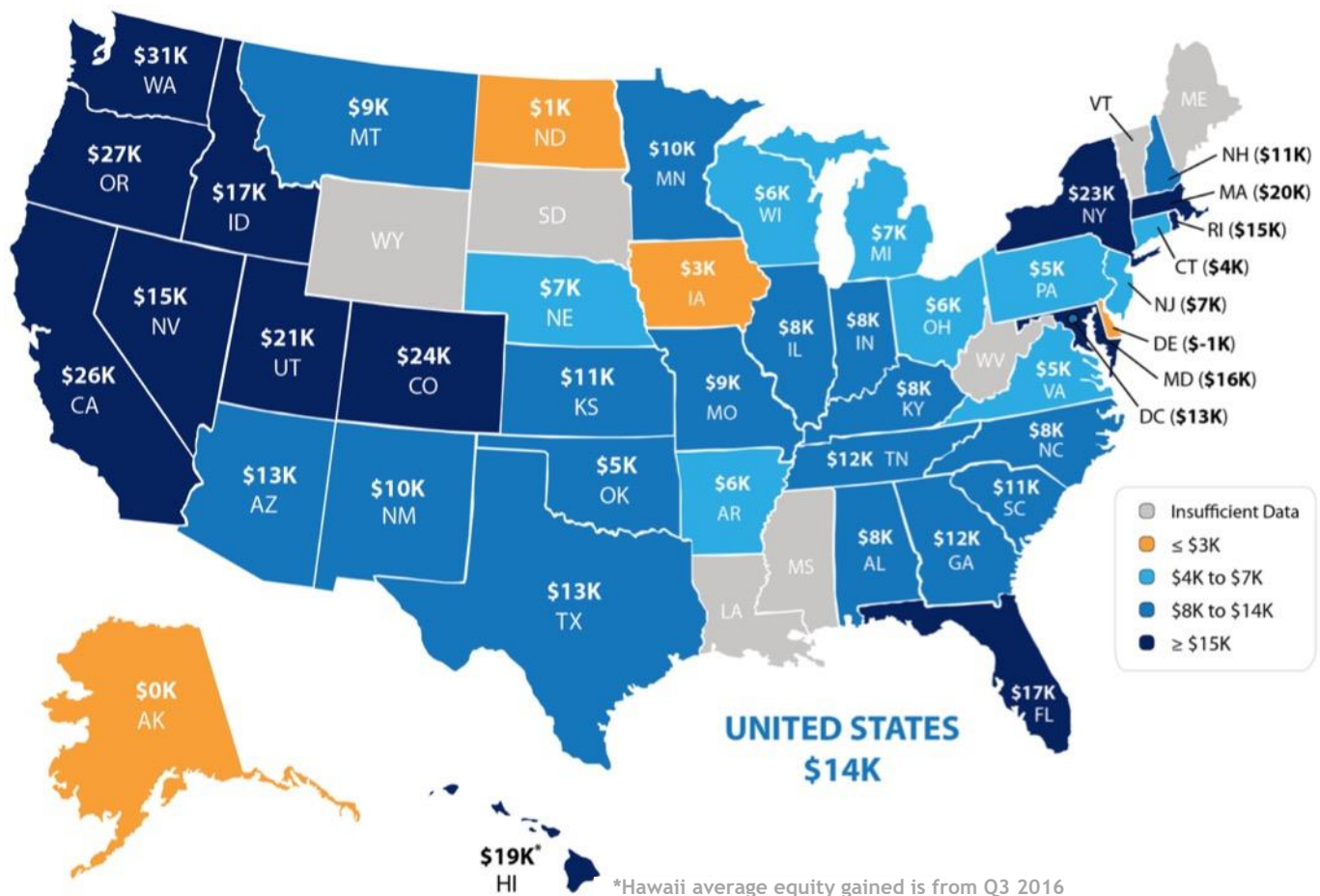
If you are feeling good about your family’s economic future and are considering making a move to your dream home, doing it sooner rather than later makes the most sense.

THE 'GREAT NEWS' ABOUT RISING PRICES

Recently there has been a lot of talk about home prices and if they are accelerating too quickly. In some areas of the country, seller supply (homes for sale) cannot keep up with the number of buyers out looking for a home, which has caused prices to rise.

The great news about rising prices, however, is that according to *CoreLogic's* latest *US Economic Outlook*, the average American household gained over \$14,000 in equity over the course of the last year, largely due to home value increases.

The map below was created from *CoreLogic's* report and shows the average equity gain per mortgaged home over the past year.



For those who are worried that we are doomed to repeat 2006 all over again, it is important to note that homeowners are investing their new found equity in their homes and themselves, not in depreciating assets.

The added equity is helping families put their children through college, and even invest in starting small businesses, allowing them to pay off their mortgage sooner or move up to the home that will better suit their needs now.

Bottom Line

CoreLogic predicts that home prices will appreciate by another 4.9% by this time next year. If you are a homeowner looking to take advantage of your home equity by moving up to your dream home, let's discuss your options!



DON'T WAIT! MOVE UP TO THE HOME YOU ALWAYS WANTED

Now that the housing market has stabilized, more and more homeowners are considering moving up to the home they have always dreamed of. Prices are still below those of a few years ago and interest rates are still around 4%.

Sellers should realize that waiting to make the move while mortgage rates are increasing probably doesn't make sense. As rates increase, the price of the house you can afford will decrease if you plan to stay within a certain budget for your monthly housing costs.

The chart on the right details this point.

With each quarter of a percent increase in interest rate, the value of the home you can afford decreases by 2.5% (in this example, \$10,000). Experts predict that mortgage rates will increase by at least half a point by this time next year.

Act now to get the most house for your hard-earned money.

Buyer's Purchasing Power

RATE	5.25	\$ 2,208	\$ 2,154	\$ 2,098	\$ 2,044	\$ 1,988
	5.00	\$ 2,148	\$ 2,094	\$ 2,040	\$ 1,986	\$ 1,932
	4.75	\$ 2,086	\$ 2,034	\$ 1,982	\$ 1,930	\$ 1,878
	4.50	\$ 2,026	\$ 1,976	\$ 1,926	\$ 1,874	\$ 1,824
	4.25	\$ 1,968	\$ 1,919	\$ 1,869	\$ 1,820	\$ 1,771
	4.00	\$ 1,910	\$ 1,862	\$ 1,814	\$ 1,766	\$ 1,719
	3.75	\$ 1,852	\$ 1,806	\$ 1,760	\$ 1,714	\$ 1,667
		\$ 400,000	\$ 390,000	\$ 380,000	\$ 370,000	\$ 360,000
			-2.5%	-5%	-7.5%	-10%



Principal and Interest Payments rounded to the nearest dollar amount.

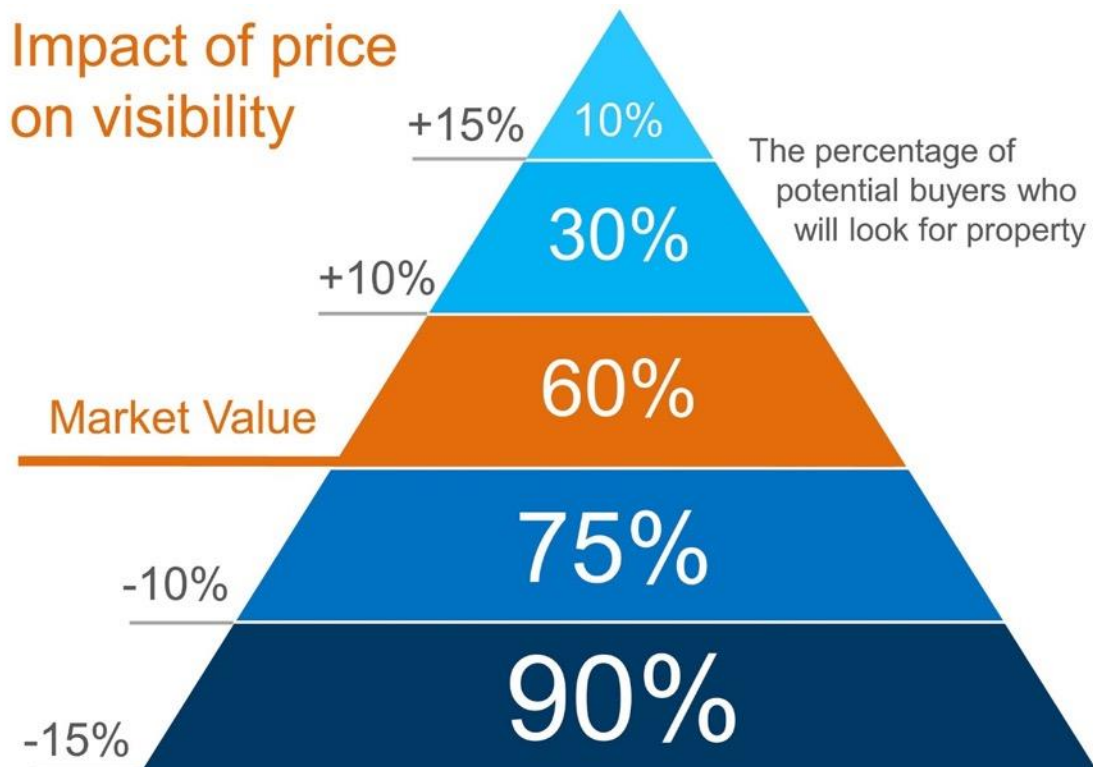


HOW TO GET THE MOST MONEY FROM THE SALE OF YOUR HOME

Every homeowner wants to make sure they maximize their financial reward when selling their home. But how do you guarantee that you receive maximum value for your house? Here are two keys to ensure that you get the highest price possible.

1. Price it a LITTLE LOW

This may seem counterintuitive. However, let's look at this concept for a moment. Many homeowners think that pricing their home a little OVER market value will leave them room for negotiation. In actuality, this just dramatically lessens the demand for your house. (see chart below)



Instead of the seller trying to 'win' the negotiation with one buyer, they should price it so that demand for the home is maximized. In doing this, the *seller* will not be fighting with a *buyer* over the price, but instead will have *multiple buyers* fighting with *each other* over the house.

Realtor.com recently gave this advice:

"Aim to price your property at or just slightly below the going rate. Today's buyers are highly informed, so if they sense they're getting a deal, they're likely to bid up a property that's slightly underpriced, especially in areas with low inventory."

2. Use a Real Estate Professional

This, too, may seem counterintuitive. The seller may think they would net more money if they didn't have to pay a real estate commission. With this being said, studies have shown that homes typically sell for more money when handled by a real estate professional.

Research posted by the *National Association of Realtors* revealed that:

"The median selling price for all FSBO homes was \$185,000 last year. When the buyer knew the seller in FSBO sales, the number sinks to the median selling price of \$163,800. However, homes that were sold with the assistance of an agent had a median selling price of \$245,000 - nearly \$60,000 more for the typical home sale."

Bottom Line

Price your house at or slightly below the current market value and hire a professional in order to guarantee that you maximize the price you get for your house.





THE ROLE **ACCESS** PLAYS IN GETTING **YOUR HOUSE SOLD!**

So you've decided to sell your house. You've hired a real estate professional to help you with the entire process and they have asked you what level of access you want to provide to potential buyers.

There are four elements to a quality listing. At the top of the list is Access, followed by Condition, Financing and Price. There are many levels of access that you could provide to your agent to be able to show your home.

Here are five levels of access that you could provide to a buyer with a brief description:

- **Lockbox on the Door** - This allows buyers the ability to see the home as soon as they are aware of the listing, or at their convenience.
- **Providing a Key to the Home** - Although the buyer's agent may need to stop by an office to pick up the key, there is little delay in being able to show the home.
- **Open Access with a Phone Call** - The seller allows showing with just a phone call's notice.
- **By Appointment Only (example: 48 Hour Notice)** - Many out-of-town/state buyers and relocation buyers visit an area they would like to move to and only have the weekend to view homes. They may not be able to plan that far in advance, or may be unable to wait the 48 hours to be shown the house.
- **Limited Access (example: the home is only available on Mondays or Tuesdays at 2 PM or for only a couple of hours a day)** - This is the most difficult way to be able to show your house to potential buyers.

In a competitive marketplace, access can make or break your ability to get the price you are looking for, or even sell your house at all.



5 REASONS **YOU SHOULDN'T FOR SALE BY OWNER (FSBO)**

In today's market, with home prices rising and a lack of inventory, some homeowners may consider trying to sell their home on their own, known in the industry as a For Sale By Owner (FSBO). There are several reasons why this might not be a good idea for the vast majority of sellers.

Here are the top five reasons:

1. **Exposure To Prospective Purchasers**

Recent studies have shown that 94% of buyers search online for a home. That is in comparison to only 17% looking at print newspaper ads. Most real estate agents have an internet strategy to promote the sale of your home. Do you?

2. **Results Come From The Internet**

Where did buyers find the home they actually purchased?

- 51% on the internet
- 34% from a Real Estate Agent
- 9% from a yard sign
- 1% from newspapers

The days of selling your house by just putting up a sign and putting it in the paper are long gone. Having a strong internet strategy is crucial.

3. There Are Too Many People To Negotiate With

Here is a list of some of the people with whom you must be prepared to negotiate if you decide to For Sale By Owner:

- The buyer who wants the best deal possible
- The buyer's agent who solely represents the best interest of the buyer
- The buyer's attorney (in some parts of the country)
- The home inspection companies, which work for the buyer and will almost always find some problems with the house
- The appraiser if there is a question of value

4. FSBOing Has Become More And More Difficult

The paperwork involved in selling and buying a home has increased dramatically as industry disclosures and regulations have become mandatory. This is one of the reasons that the percentage of people FSBOing has dropped from 19% to 8% over the last 20+ years.

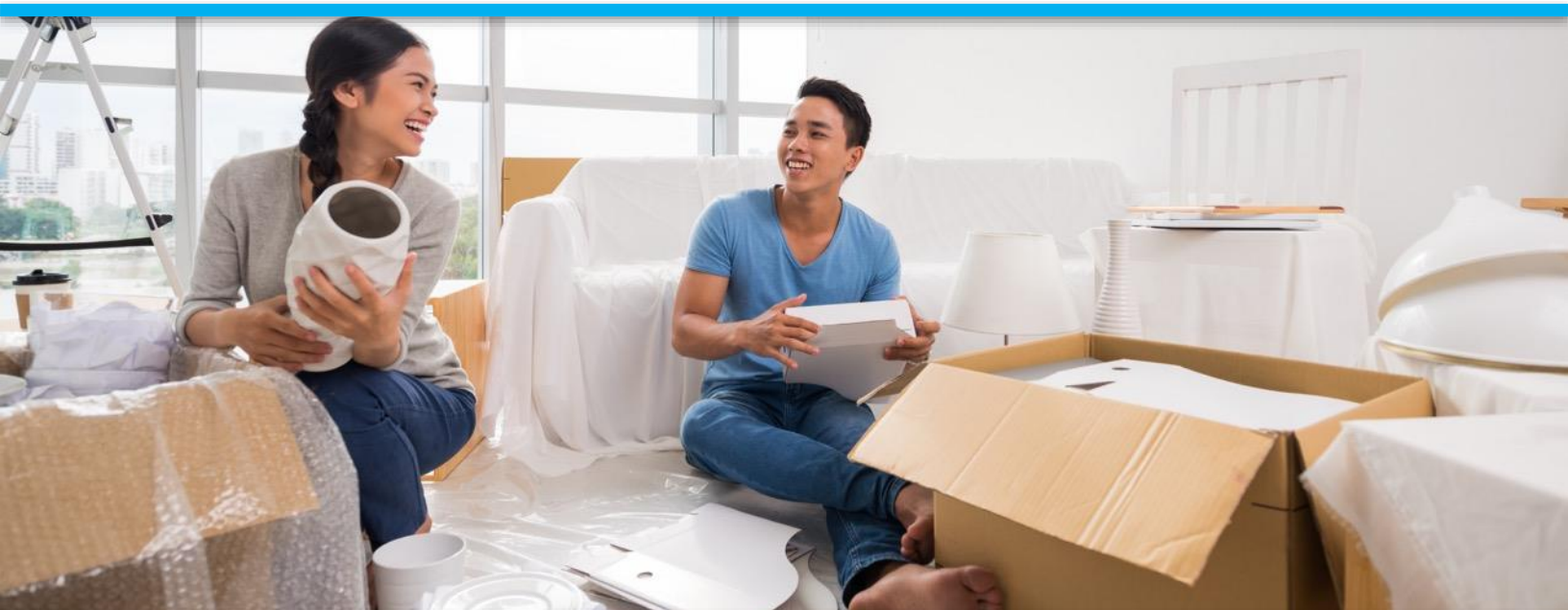
5. You Net More Money When Using An Agent

Many homeowners believe that they will save the real estate commission by selling on their own. Realize that the main reason buyers look at FSBOs is because they also believe they can save the real estate agent's commission. The seller and buyer can't both save the commission.

Studies have shown that the typical house sold by the homeowner sells for \$185,000, while the typical house sold by an agent sells for \$245,000. This doesn't mean that an agent can get \$60,000 more for your home, as studies have shown that people are more likely to FSBO in markets with lower price points. However, it does show that selling on your own might not make sense.

Bottom Line

Before you decide to take on the challenges of selling your house on your own, let's get together and discuss your needs.





THE IMPORTANCE OF USING AN AGENT WHEN SELLING YOUR HOME

When a homeowner decides to sell their house, they obviously want the best possible price with the least amount of hassles. However, for the vast majority of sellers, the most important result is to actually get the home sold.

In order to accomplish all three goals, a seller should realize the importance of using a real estate professional. We realize that technology has changed the purchaser's behavior during the home buying process. According to the *National Association of Realtors'* latest *Profile of Home Buyers & Sellers*, the percentage of buyers who used the internet in their home search increased to 94%.

However, the report also revealed that **96% of buyers that used the internet when searching for a home purchased their home through either a real estate agent/broker or from a builder or builder's agent.** Only 2% purchased their home directly from a seller whom the buyer didn't know.

Buyers search for a home online, but then depend on an agent to find the home they will buy (50%), to negotiate the terms of the sale (47%) & price (36%), or to help understand the process (61%).

The plethora of information now available has resulted in an increase in the percentage of buyers that reach out to real estate professionals to “*connect the dots.*” This is obvious as the percentage of overall buyers who used an agent to buy their home has steadily increased from 69% in 2001.

Bottom Line

If you are thinking of selling your home, don't underestimate the role that a real estate professional can play in the process.



TWO THINGS YOU DON'T NEED TO HEAR FROM YOUR LISTING AGENT

You've decided to sell your house. You begin to interview potential real estate agents to help you through the process. You need someone you trust enough to:

- **Set the market value on possibly the largest asset your family owns (your home)**
- **Set the time schedule for the successful liquidation of that asset**
- **Set the fee for the services required to liquidate that asset**

An agent must be concerned first and foremost with you and your family in order to garner that degree of trust. Make sure this is the case.

Be careful if the agent you are interviewing begins the interview by:

- **Bragging about their success**
- **Bragging about their company's success**

An agent's success and the success of their company can be important considerations when deciding on the right real estate professional to represent you in the sale of your house. However, you first need to know that they care about what you need and what you expect from the sale. If the agent is not interested in first establishing your needs, how successful they may seem is much less important.

Look for someone with the **'heart of a teacher'** who comes in prepared to explain the current real estate market to you, and is patient enough to take the time to show you how it may impact the sale of your home; not someone only interested in trying to sell you on how great they are.

You have many agents from which to choose. Pick someone who truly cares.

CONTACT ME TO TALK MORE

I'm sure you have questions and concerns...

I would love to talk with you more about what you read here, and help you on the path to buying your new home. My contact information is below. I look forward to hearing from you...



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